



County of Los Angeles CHIEF EXECUTIVE OFFICE

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March 27, 2015

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From: Sachi A. Hamai
Interim Chief Executive Officer

SACRAMENTO UPDATE – EMERGENCY DROUGHT RELIEF LEGISLATIVE PACKAGE

Executive Summary

On March 27, 2015, Governor Brown signed a \$1.059 billion drought relief package to accelerate many of the drought-related proposals in his January FY 2015-16 Proposed Budget and in the California Water Action Plan. The package is aimed at improving the State's water supply and storage through: 1) infrastructure investments; 2) improving the management of groundwater, and 3) addressing water quality issues, particularly in disadvantaged communities. The package includes additional emergency funding for drinking water supplies for disadvantaged communities, food assistance, conservation education and outreach activities, and for fish and stream needs related to the drought.

The emergency drought measures are summarized below.

Accelerated Drought Relief Package

AB 91 (Committee on Budget), which as amended on March 24, 2015, contains amendments to the FY 2014-15 State Budget Act to provide \$1.059 billion in new appropriations to address the State's urgent drought needs. Specifically, this bill will:

- 1) Accelerate \$267.0 million from the Proposition 1 of 2014 Water Bond for safe drinking water and water recycling, including:

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- \$131.7 million to the State Water Resources Control Board's (SWRCB) water recycling grant program to fund feasibly studies, demonstration projects, and larger scale water recycling projects;
 - \$135.5 million for the SWRCB to improve access to clean drinking water for disadvantaged communities (\$69.0 million) and help small communities pay for wastewater treatment (\$66.0 million).
- 2) Provide \$132.0 million for implementation of the Water Action Plan and for direct assistance to workers and communities most impacted by the drought, including \$31.2 million in new targeted expenditures that were not included in the Governor's FY 2015-16 Proposed Budget such as:
- \$17.0 million to support emergency food aid to 29 counties most impacted by the drought;
 - \$4.0 million for emergency drinking water in disadvantaged communities;
 - \$5.0 million to the California Department of Water Resources (DWR) to provide emergency drinking water support for small communities, including addressing private wells;
 - \$1.4 million to the DWR to increase advertising and public relations related to the Save Our Water campaign;
 - \$2.8 million to the DWR and California Department of Fish and Wildlife (DFW) for additional modeling support and species tracking in the Delta and the Greater Central Valley to support efficient management of the State's water system; and
 - \$1 million to address critical infrastructure deficiencies at remote fire stations that have run out of water.
- 3) Accelerate \$660.0 million in Proposition 1E of 2006 bond funds for flood protection in urban and rural areas to make the State's infrastructure more resilient to climate change and flood events.
- 4) Accelerate \$30.0 million in Cap-and-Trade auction revenues for programs that provide a reduction in greenhouse gas emissions and also deliver State and local water use efficiency and agricultural water use efficiency.

AB 92 (Committee on Budget), which as amended on March 24, 2015, makes statutory and technical changes to implement **AB 91 (Committee on Budget)** and its proposed expenditures of \$1.059 billion for drought-related activities. The bill contains five main components:

- 1) **Enhanced Department of Fish and Wildlife Authorities** – Authorizes DFW to impose civil penalties, including administratively, where water diversions obstruct fish passage with separate provisions for illegal marijuana growers.
- 2) **Creation of the Office of Sustainable Water Solution** – Creates the Office of Sustainable Water Solutions (Office) as a new unit within the drinking water program at the State Water Resources Control Board. The Office will help small communities apply for State and Federal funds to help clean up drinking water and provide greater access to treatment technologies and consolidate water system upgrades to prevent or mitigate huge local rate increases. The Office will also provide technical assistance to small communities that, in many cases, do not have a city manager or staff to work on providing clean drinking water to its residents.
- 3) **Creation of CalConserve Revolving Fund Water Efficiency Pilot Projects** – The pilot projects would provide a low-interest loan program administered by local agencies to fund water efficient upgrades (such as washing machines or dishwashers) at no upfront cost to the eligible homeowner under which the homeowner would repay the loans over time as part of their utility bill.
- 4) **Suspension of State Contracting Provisions for Drought Emergencies** – Allows contracts for projects that are related to the Governor's declaration of a state of emergency to be expedited by waiving traditional contracting provisions.
- 5) **Emergency Funding and Financial Assistance not Subject to Certain Eligibility Restrictions** – Addresses concerns raised by local governments that they would not be eligible to receive money from the State's Disaster Relief Fund in the event of a calamity, like an earthquake, wildfire or flood, because they are not in compliance with the eligibility restrictions of Section 1782 of the Labor Code, which concerns payment of prevailing wages and use of apprentices on municipal projects.

Potential Impact to the County

The Department of Public Works (DPW) reports that the proposed legislation would accelerate the water recycling and desalinization, safe drinking water for disadvantaged communities, and flood protection funding proposals that were in the Governor's

FY 2015-16 Proposed Budget. The Department reports the following as possible impacts to the Department and Southern California water resource agencies:

- **Water Recycling and Desalinization** - DPW may be eligible to compete for this program, although the vast majority of the funding is in a sub-program called Water Recycling Treatment Technology Projects and may be geared toward demonstration projects. The Los Angeles County Sanitation Districts and West Basin may be able to access these funds, as would other agencies in the region. DPW does little water recycling and does not have a desalination project.
- **Drinking Water Quality (Wastewater Treatment Projects and Safe Drinking Water for Disadvantaged Communities (DACs))** – DPW will likely not be able to compete for these funds. This funding is for: 1) regional mechanisms to consolidate wastewater systems or provide affordable treatment technologies (preference for DACs); and 2) public water system infrastructure improvements and related actions to meet safe drinking water standards or ensure affordable drinking water (preference for DACs). The Department indicates that it is possible that the proposed City of Malibu wastewater treatment project may qualify for these funds, or perhaps a broader septic system replacement program for the Malibu area, but there is strong preference for DACs. It is also possible the City of Maywood's water distribution system may qualify for these funds as would other agencies in the region.
- **Prop 1E (Central Valley Only)** – The remaining funds in Proposition 1E are for programs directed specifically to the Central Valley. The Department and the rest of Southern California are not eligible to compete for these funds.
- **Water Board – Emergency Drinking Water** – DPW indicates that these funds are intended to continue enforcement of drought-related water rights and water curtailment actions and to provide grants for emergency drinking water projects. DPW would not be eligible for these funds.

This office will continue to work with the Department of Public Works to determine the potential impact of the drought relief legislation to the County.

We will continue to keep you advised.

SAH:JJ:MR
VE:AO:lm

c: All Department Heads
Legislative Strategist